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CA Controller to Audit City of Industry

SACRAMENTO—State Controller Betty T. Yee today announced that her staff will conduct an investigation into the financial practices of the City of Industry after an outside, limited-scope audit raised questions about \$326 million in payments to businesses owned by a former mayor and his family.

“Our initial review shows significant discrepancies between the financial transaction reports submitted to my office and the city’s audited financial statements,” Controller Yee said. “As the state’s chief fiscal officer, I have the duty to bring my office’s expertise to bear to identify potential misuse of taxpayer dollars.”

Controller Yee sent a letter this morning to the City of Industry notifying city officials that her office will conduct the investigation into discrepancies in financial reporting and an analysis of administrative and internal accounting controls. The Controller’s staff also will examine allegations of wrongdoing by city officials and any irregularities in local, state and federal programs administered by the city. The Controller will look first at fiscal years 2012-13 and 2013-14, but may broaden the review if needed.

The Controller’s expert auditing staff plans to convene an initial meeting with city officials in May, with fieldwork beginning soon after.

An audit by KPMG, released in April, found that much of the money the city paid former mayor David Perez and his family over 20 years was supported by vague or erroneous invoices, according to media accounts. On Tuesday, the Los Angeles County Board of Supervisors voted to ask the Controller’s Office to audit the city. City officials say they have been contacted by county district attorney investigators about the contracts.

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